

# FAS

*Field Advisory Services*

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# FASTRACK

*Defense Civilian Personnel Management Service*

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## Benefits and Entitlements

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## Annual Social Security and Medicare Changes for 2004

Social Security benefits increase automatically each year based on the rise in the Bureau of Labor Statistics Consumer Price Index for Urban Wage Earners and Clerical Workers (CPI-W), from the third quarter of the prior year to the corresponding period of the current year. This year's increase in the CPI-W was 2.1 percent. The monthly Social Security benefits for more than 51 million Americans will increase 2.1 percent in 2004. Other changes take effect in January of each year based on the increase in average wages. Based on that increase, the maximum amount of

earnings subject to the Social Security tax (taxable maximum) will increase to \$87,900 from \$87,000. The amount of earnings required for a credit or “quarter of coverage” will increase to \$900 from \$890. The monthly premium for Medicare Part B will increase to \$66.60 from \$58.70. Other changes in Social Security and Medicare benefits can be found on page 13.

## Death Benefits - 2004

Children’s benefits payable for deaths occurring on or after December 1, 2003 are:

\$392 (single orphan)  
\$470 (double orphan)

If a benefit is payable to more than three children, the rates payable to be divided by the number of eligible children are:

\$1,176 (single orphan)  
\$1,410 (double orphan)

Under the Federal Employee’s Retirement System (FERS), a basic employee death benefit is payable to the surviving spouse (or former spouse) of a deceased employee with at least 18 months of creditable service. The law provides that this lump-sum benefit is an amount equal to half the employee’s final annual pay (or average pay, if higher) plus \$15,000 adjusted for cost of living allowances (COLAs) under the Civil Service Retirement System (CSRS) rules. The CSRS COLA, which was effective December 1, 2003, increases the basic employee death benefit for

deaths occurring on or after December 1, 2003, to half of the employee’s final annual pay (or average pay, if higher), plus \$24,866.19.

## *Classifier’s Corner*

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### *Classification Has Been Asked....*

- Q.** What are the differences between a work leader, team leader, and supervisor? Can a work leader or team leader be designated as a supervisory position?
- A.** The term “team leader” applies to positions under the General Schedule (GS), while “work leader” usually applies to positions under the Federal Wage System (FWS). GS and FWS leaders, as a regular and recurring part of their job, lead three or more employees/workers to accomplish the work. FWS leaders also train workers in the nonsupervisory work of their trade or occupation. Leaders are responsible to their supervisors for ensuring that the work assignments of the other employees are carried out. Leaders are not supervisors.
- Supervisors are employees who are accountable for planning, scheduling, assigning, and directing work operations; accepting and rejecting completed work; evaluating work performance; counseling employees

and effecting disciplinary measures; and taking necessary action to assure that the work of subordinate employees meets standards of quantity and quality. Supervisory positions have additional duties that leader positions do not.

Supervisory positions are evaluated under the General Schedule Supervisory Guide (GSSG) or the FWS Job Grading Standard (JGS) for Supervisors. Leader positions are evaluated under either the FWS JGS for Leader WL/NL or the General Schedule Leader Grade Evaluation Guide (GSLGEG). The GSLGEG has a good explanation of the differences between leaders and supervisors on pages 11 and 12. A leader position cannot be designated as a supervisory position.

## ***Labor Management and Employee Relations***

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### **Appeal Rights During the Probationary Period**

In McCormick v. Air Force, 307 F.3d 1339, (Fed Cir 2002), the U.S. Court of Appeals for the Federal Circuit vacated its prior decision and reversed the Merit Systems Protection Board (MSPB) dismissal of the McCormick appeal for lack of jurisdiction. The Federal Government's petition for a full court rehearing was denied in McCormick v.

Air Force, 02-3031 (Fed Cir 2003). The Government has decided not to appeal this case to the Supreme Court.

The Federal Circuit decided in McCormick that the MSPB has jurisdiction to hear a case when the petitioner meets the definition of employee under **either** subsection (i) or subsection (ii) of section 7511(a)(1)(A) of title 5, United States Code (U.S.C.). The significance of this case is that some probationary employees may have appeal rights to the MSPB for adverse actions.

Under 5 USC 7511(a)(1) (A), an employee is an individual in the competitive service “(i) who is not serving a probationary or trial period under an initial appointment” or “(ii) who has completed 1 year of current continuous service under other than a temporary appointment limited to 1 year or less.”

The McCormick case stemmed from the Air Force terminating Ann McCormick's employment during the 1-year probationary period in her current appointment. McCormick, however, had completed a 1-year probationary period in a different position with another Federal agency.

The crux of the case was whether McCormick, who is not an employee under 5 USC 7511(a)(1)(A)(i), is an employee if she meets the definition provided in (A)(ii). If so, the MSPB has jurisdiction to hear her case. Otherwise, she is a probationer with limited appeal

rights, and the MSPB may assert jurisdiction only if McCormick alleges that her removal is due to improper procedures or discrimination based on partisan political reasons or marital status.

The Federal Circuit determined that, although McCormick did not meet the definition of employee under (A)(i), she did meet the definition under (A)(ii). Thus, the Board has jurisdiction over the case.

In an unsuccessful petition for a full court hearing, the Government argued that the (A)(i) **or** (A)(ii) conclusion is contrary to the legislative history of this subsection and the longstanding Office of Personnel Management (OPM) regulation that requires both conditions (i) **and** (ii).

Since 5 CFR 752.401 and 5 USC 7511 are inconsistent, we advise that you follow the recent Federal Circuit decision in the McCormick case and apply the court's (A)(i) **or** (A)(ii) conclusion for your actions, until either the statute or OPM regulations change.



## *Pay and Hours of Work*

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### *Pay Has Been Asked...*

- Q.** What are the differences between danger pay, hostile fire pay, and hazardous duty pay?
- A.** Danger Pay - The Secretary of State authorizes danger pay under 5 USC 5928 for locations in foreign areas in which civil insurrection, terrorism, wartime conditions, etc., threaten physical harm or imminent danger to the health or well being of the employee. Two categories of danger pay, section 652f and section 652g, are addressed in the Department of State Standardized Regulations (DSSR).

Danger pay authorized under section 652f is a percentage of salary and is paid in 5 percent increments, up to 25 percent of base pay, for service in designated danger pay areas. Danger pay authorized under section 652g is paid to eligible civilian employees accompanying military members authorized to receive imminent danger pay by the Secretary Defense. This danger pay allowance is the same flat rate amount paid to uniformed military personnel. Danger pay under section 652g is calculated and paid on a daily basis, determined by the number of days in the month.

Additional information on both categories of danger pay is available at the Department of State web site: <http://www.state.gov/m/a/als/>.

**Hostile Fire Pay** - The Secretary of Defense may authorize hostile fire pay, under 5 USC 5949, for Department of Defense civilian employees who are subject to hostile fire or explosion of hostile mines in any duty location, including duty in the United States. This authority became effective on September 11, 2001. The amount of hostile fire pay is \$150.00 per month. Hostile fire pay may not be paid concurrently with either category of danger pay.

The DoD 1400.25-M, Civilian Personnel Manual, subchapter 550 (SC550) is being revised to address policies and procedures for application of the Hostile Fire Pay authority.

**Environmental differential pay (EDP)** for Federal Wage System employees and hazardous duty pay (HDP) for General Schedule employees is additional pay for exposure to hazards, physical hardships, or working conditions of an unusually severe nature that cannot be eliminated or significantly reduced by preventive measures. The nature of the specific work requirements, rather than the particular duty station, determines entitlement for these payments. The criteria for payment of EDP are provided in 5 CFR 532.511, and the criteria for payment

of HDP are provided in 5 CFR part 550, subpart I.

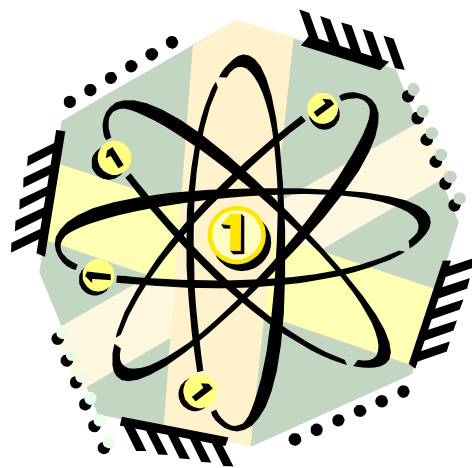
Danger pay or hostile fire pay may be paid concurrently with either EDP or HDP.

## Training Courses

The Pay & Leave Section has scheduled two local pay setting seminars. These seminars are designed to help the participant understand the basis for pay setting rules, interpret pay policies and regulations issued by OPM; and to set pay for various types of personnel actions.

The first seminar is scheduled for March 24 - 25, 2004. Students may register online at <http://www.cpms.osd.mil/fas/index.html> by clicking on the Special Services link, then selecting course registration.

The next pay setting seminar is scheduled for July 28 – 29, 2004. You may access the online registration at the link provided above.



## ***Staffing and Development***

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### **DoD Establishes Program to Attract Highly Qualified Experts**

Section 9903 of title 5 United States Code (U.S.C.), as enacted by section 1101 of the National Defense Authorization Act (NDAA) for Fiscal Year 2004 (Pub. L. 108-136), gives the Secretary of Defense authority to hire and set the pay of highly qualified experts with state-of-the-art knowledge in fields of critical importance to the Department's mission. The new policy provides DoD with the ability to attract and retain talented men and women who possess the expertise and corporate knowledge required to fill critical positions. This is a stand-alone provision under the National Defense Authorization Act for fiscal year 2004.

One of the key features of the new policy is the ability for DoD managers to offer these employees a compensation package that is highly competitive with that of the private sector. Appointments can be made initially for up to a period of five years with the potential for an extension for an additional year.

Based on fiscal year 2003 end-strength, the Military Departments and the Fourth Estate have been provided the following allocations for fiscal year 2004: Army—695, Navy—642, Air Force—529, and Fourth Estate—384. The Military

Departments and Washington Headquarters Services (acting for the Fourth Estate) are responsible for assigning allocations to organizations under their purview and ensuring that the allocations are not exceeded.

The implementation of this policy marks the beginning of modern changes in the way DoD does business. It provides a much needed flexibility in hiring to provide DoD with the experience and expertise of individuals in its transformation efforts. The policy guidance and procedures are available at <http://www.cpms.osd.mil/nsps/pdf/HQEPolicy.pdf>.

### **New Law Provides for Elimination of Pay Offset for Reemployed Annuitants**

Section 9902(j) of title 5 United States Code (U.S.C.), as enacted by section 1101 of the National Defense Authorization Act (NDAA) for Fiscal Year 2004 (Pub. L. 108-136), gives the Secretary of Defense authority to hire and set the pay of newly appointed annuitants without a reduction in their Federal salary. The recent enactment of the NDAA provides the Department with a new flexibility to attract and retain talented men and women with the expertise and corporate knowledge to fill hard-to-fill and critical positions or to temporarily mentor the next generation of civil servants. The new authority applies to annuitants hired on or after November 24, 2003. Annuitants hired prior to November 24 will continue to

serve in their positions in accordance with the current provisions of their appointment. It is anticipated that policy implementing the provisions of the new law will be signed by the Under Secretary of Defense for Personnel and Readiness in the very near future. The DoD policy guidance will address specific parameters and criteria for the hiring and compensation of annuitants, documentation and reporting requirements, and delegation of authority.

### ***Staffing Has Been Asked...***

**Q.** Is it true that the eligibility provisions for the Veterans' Recruitment Appointment (VRA) have changed?

**A.** Yes. Public Law 107-288, Jobs for Veterans Act, enacted on November 7, 2002, made significant changes to the Veterans' Readjustment Act, to include changing the title of the act to "Veterans' Recruitment Appointment" (VRA). These VRA provisions were effective immediately upon enactment of the law.

Under the law, "qualified covered veterans" (38 USC 4214(a)(1)) as defined in 38 USC 4212(a)(3) are eligible for a non-competitive VRA appointment. Qualified covered veterans include the following:

- Disabled veterans;
- Veterans who served on active duty in the Armed Forces during a war or in a campaign or expedition for which they

received an authorized campaign/expedition badge/medal;

- Veterans who, while serving on active duty in the Armed Forces, participated in a United States military operation for which they received an Armed Forces Service Medal (AFSM); and
- Recently separated veterans. Recently separated veterans are defined as those who have separated from active service under honorable conditions within the last three years (38 USC 4211(6)).

These provisions are a substantial change from the previous language. They eliminate all time restrictions on appointments for veterans in the first three categories, i.e., disabled veterans and those with a campaign badge or AFSM. Thus, individuals in the first three categories may be appointed or converted to a VRA appointment without regard to any time limit.

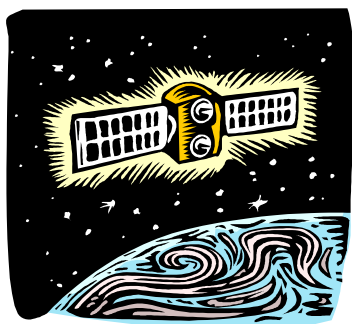
On the other hand, veterans who are not disabled and those who do not have a campaign badge or AFSM may only be appointed within the first 3 years after their most recent separation. This provision affects new appointments, as well as conversion of current VRAs to a new VRA appointment. Hence, some current VRA appointees would not be eligible under the new criteria.

For example: A veteran served on active duty from October 1995 to December 1998. In January 2002, he received a

VRA appointment under the pre 2002 VRA authority (served more than 180 days and appointed within 10 years of discharge). He is not disabled, does not have a campaign badge or AFSM, and is not a recently separated veteran, because he separated from the military more than 3 years ago. This individual does not qualify for a VRA appointment under the new authority and may not be converted to a new VRA appointment. However, such individuals continue in their current VRA appointments and are converted to a career/career-conditional appointment at the appropriate time.

Other VRA requirements remain unchanged. As in the past, the following provisions still apply:

- The maximum grade level at which appointments may be made is GS-11;
- Veterans must be qualified, i.e., able to perform the essential functions of the position with or without reasonable accommodation for a disability;
- Veterans with less than 15 years of education must still receive training or education; and
- After 2 years of successful employment, appointments must be converted to a career or career-conditional appointment.



## Civilian Assistance and Re-Employment (CARE) Division

<http://www.cpms.osd.mil/care/index.html>

### New Voluntary Separation Incentive Pay (VSIP) and Voluntary Early Retirement Authority (VERA) Authority

Section 9902(i) of title 5, United States Code (U.S.C.), as enacted by section 1101 of the National Defense Authorization Act for Fiscal Year 2004, Public Law 108-136 (November 24, 2003), provides authority to the Secretary of Defense to establish a permanent downsizing and restructuring VSIP and VERA program within the Department. This program includes early retirement approval authority as well as conditional approval authority for separation incentives (applied to voluntary and early retirement as well as voluntary resignations), commonly referred to as buyouts. Authority to implement the program has been delegated to Component Heads for GS-15 and below (or equivalent) positions and authorizes further delegation (in writing) to the lowest practicable level, but not lower than the local Commander or Activity Head.

Annual usage of both downsizing and restructuring buyouts is limited to 25,000. (The legislation does not limit actions resulting from Base Realignment and Closure activity.) Based on FY 2003

end-strength, the Military Departments and the Fourth Estate have been provided buyout allocation: The Military Departments and the Washington Headquarters Services (WHS) acting for the Fourth Estate, are responsible for assigning allocations to organizations under their purview and ensuring the allocations are not exceeded, including application to senior level positions (Senior Executive Service, Senior Level, Scientific and Technical, Defense Intelligence Senior Level, Defense Intelligence Senior Executive Service and those pay-banded positions above the GS-15). There is no limitation on the use of early retirement authority so long as the actions are consistent with the Department's guidance. To view the implementing guidance and other related information please visit the following website:

<http://www.cpms.osd.mil/care/docs/NSP-S-VSIP-VERA.pdf>

## **Defense Applicant Assistance Office (DAAO)**

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### **New Office for CPMS**

Imagine being able to speak with a person about applying for Federal jobs. Voila! The newest CPMS addition, the Defense Applicant Assistance Office (DAAO), is open for business. DAAO supports three functional program areas:

applicant assistance, recruitment on campus, and recruitment marketing.

DAAO serves the public by providing direct and personal access to information about applying for DoD jobs. Staff members are available from 7 AM, EST to 5 PM, EST to take calls from those interested in DoD employment. The staff answers questions, provides guidance, and helps unveil the mystery of the Federal application process. Members of the DAAO team are: the program manager, Diana Ganley, and the staff advisors, Angela Goldring, Karen Hannah, and Linda K. Stouffer.

DAAO is also conducting a Department-wide recruitment outreach program to colleges/universities, advocating changes in human resources recruitment processes, and developing and maintaining a corporate branding identity that promotes DoD as the employer of choice.

The recruitment on campus (ROC) initiative showcases the employment opportunities within the Department to college students. A cadre of Senior Executive Service (SES) members and military flag officers are returning to their alma maters to share their experience with students and promote employment in DoD. DAAO staff members are attending college career fairs and conferences to educate the public about job opportunities within DoD.

DAAO continues to develop recruitment marketing material, along with displays that showcase DoD missions and civilian career occupations. To learn more about DAAO, visit our web site at [www.go-defense.com](http://www.go-defense.com), give us a call at 1-888-

DOD-4USA or TTY (703) 696-5436, or send us an email at [daao@cpms.osd.mil](mailto:daao@cpms.osd.mil). We look forward to hearing from you.

## **Defense Leadership and Management Program (DLAMP)**

[www.cpms.osd.mil/dlamp](http://www.cpms.osd.mil/dlamp)

### **The Cornerstone of the DoD Succession Management Strategy**

Contrary to widespread rumors, the Defense Leadership and Management Program (DLAMP) is alive and well. We have weathered the storm of FY 2003, when a Congressional decrement took 50 percent of our program budget. With ample funding this year, DLAMP is back and planning a robust program for FY 2004. What can you as personnel advisors do to help publicize, promote, and market DLAMP?

First, ensure you have incorporated DLAMP into human resource strategic plans and succession management strategies. As the Department of Defense works to transform the force, reform human resources, and plan for the workforce of the future, DLAMP has taken on an increased importance. DoD leadership recognizes DLAMP as a cornerstone of the Department's succession planning strategy.

Further, support your managers' efforts to: nominate the best and brightest with high potential for leadership positions; encourage active participation by current

and future participants; support and plan for full utilization of the participants; serve as mentors to these future leaders; and consider graduates and participants when filling leadership positions.

Accomplishments to date:

- The first seven Doc Cooke Fellowships were awarded in December 2003. These are fully funded Fellowships for DLAMP participants without an advanced degree to pursue a master's degree at an accredited college or university on a full-time basis.
- Tuition assistance is available to every eligible DLAMP participant to attend graduate school on a part-time basis, either to pursue a master's degree or to round out their executive skills with courses in business management and public policy.
- The Leadership and National Security Foundation courses have been restructured. The curriculum now includes a 3-credit graduate course in National Security Studies provided through distance education as a prerequisite to attend Professional Military Education, and two leadership courses focused on the Executive Core Qualifications needed for Senior Executive Service positions. Classes are scheduled to begin in March (National Security) and April (Leadership).

Remaining goals:

- Filling every allocated seat for resident and non-resident senior

- Professional Military Education (PME) programs;
- Gaining Office of Personnel Management recognition of DLAMP as the Department's Senior Executive Service Candidate Development Program (CDP);
- Soliciting nominations for the DLAMP Class of 2004 after final decisions are made on the CDP; and
- Finalizing the criteria for program completion (pending final decision on CDP status) and awarding certificates of completion to the several hundred participants who are nearing accomplishment of all program requirements.

More program information is available on our web site at:

[www.cpms.osd.mil/dlamp](http://www.cpms.osd.mil/dlamp) and through DLAMP Component representatives (listed on our web site).

## **Injury & Unemployment Compensation Division (ICUC)**

<http://www.cpms.osd.mil/icuc>

### **Injury Compensation Program Administrators (ICPAs) - An Important Role in Successful Hazard Identification and Reporting Programs**

On May 19, 2003, the Secretary of Defense challenged all DoD

Components to reduce the number of mishaps and accident rates by half over the next two years.

To meet this challenge, safety and occupational health personnel, and medical services are reaffirming existing processes and developing additional strategies to provide a safer work environment for all DoD employees.

Early detection of unsafe or unhealthful working conditions and subsequent reporting to correct hazards are key elements of injury and illness prevention. The ICPA plays an important role in any successful hazard identification and reporting program.

When an injury is reported to the supervisor and ICPA, a copy of forms CA-1 and CA-2 must be promptly sent to the activity safety and medical services officer, regardless of the lost time status of the injury. While the claim form may not be the only means of reporting required by safety or medical services, it provides a check and balance system to ensure that safety notification is occurring consistently.

The claim form provides safety and medical services with information that may identify hazardous situations or environmental exposure risks. Knowledge of these types of issues allows safety and medical services to abate hazards and environmental exposures, thereby contributing to a

significant reduction in both mishaps and accident rates at the activity level.

Additionally, ICPAs and safety and medical services at the activity level are able to capture lag-time indicators to identify potentially hazardous situations in the workplace by using the statistical data reports contained in the Defense Portal Analysis Center (DefPAC) application. These reports allow safety and medical services to establish occurrence and cost trends at the activity level using indicators such as nature of injury, cause of injury, and anatomic locations.

### **Training Course Offered**

The Injury and Unemployment Compensation Division (ICUC) has scheduled a training conference during the week of May 10 - 14, 2004. The conference will be held in Southbridge, Massachusetts.

This course is designed specifically for Injury Compensation Program Administrators (ICPAs) to further develop their skills in administering the Federal Employees' Compensation Act (FECA). You may access more information regarding the course at the following link:

<http://www.cpms.osd.mil/icuc/icuc.htm>.

## **CPMS Employment Corner**

CPMS job vacancies are posted on the Human Resources Operations Center (HROC) job opportunities web site at <http://www.hr.dla.mil/onjams/splash.htm>



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Management Service

## ***Benefits and Entitlements***

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<b>Social Security and Medicare Changes for 2004</b>		
	<b>2003</b>	<b>2004</b>
Maximum Earnings Taxable	\$87,000	\$87,900
Credit of Coverage:	\$ 890	\$ 900
Retirement Earnings Test	\$11,520 (under age 65)	\$11,640
	\$30,720 (year individual reaches 65)	\$31,080
	No Limit After Age 65	
COLA for Social Security Recipients	1.4%	2.1%
Minimum Social Security Earnings Needed for Substantial Earnings	\$16,125	\$16,275
<b>Formula for the Primary Insurance Amount (PIA)</b>		
90% of the first \$612 of the average indexed monthly earnings, plus		
32% of the average indexed monthly earnings over \$612 and through \$3,689, plus		
15% of the average indexed monthly earning over \$3,689		
Maximum Social Security Benefit Worker Retiring at Age 65 in January	\$1,741 per month	\$1,825 per month
<b>Medicare</b>		
<b>Part A (Hospital Insurance)</b>		
Deductible (Per Benefit Period*)	\$840	\$876
Coinsurance	\$210	\$219 a day (61 <sup>st</sup> to 90 <sup>th</sup> day)
	\$420	\$438 a day (91 <sup>st</sup> to 150 <sup>th</sup> day)
<b>Part B (Medical Insurance)</b>		
Premium Per Month Per Person	\$58.70	\$66.60

\* Benefit Period – The way that Medicare measures your use of hospital services. A benefit period begins the day you go to a hospital. The benefit period ends when you have not received hospital care for 60 days in a row. If you go into a hospital after one benefit period has ended, a new benefit period begins. You must pay the inpatient hospital deductible for each benefit period. There is no limit to the number of benefit periods you can have.